

**IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

IN RE:	§	Chapter 11
	§	
W.R. GRACE & CO.	§	Case No. 01-01139 (JKF)
	§	(Jointly Administered)
Debtors	§	

**CITY OF EL PASO'S RESPONSE TO THE DEBTOR'S
FOURTH OMNIBUS OBJECTION TO CLAIMS (SUBSTANTIVE)**

TO THE COURT:

Now comes the City of El Paso and files its Response to the Debtor's Fourth Omnibus Objection to Claims (Substantive) and respectfully represents the following:

1. The City of El Paso is a unit of local government in the State of Texas which possess the authority under the laws of the State to assess and collect *ad valorem* taxes on real and personal property.
2. The City of El Paso has filed its original pre-petition secured proof of claim herein for *ad valorem* property taxes assessed against the Debtor's property in the amount of \$721.05.
3. The City of El Paso's claim is for property taxes incurred by the Debtor in the ordinary course of business. These taxes are secured by first priority liens pursuant to Texas Property Tax Code §§ 32.01 and 32.05. In pertinent part, §32.01 provides
 - (a) **On January 1 of each year, a tax lien attaches** to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year
 - (b) A tax lien on inventory, furniture, equipment, or their personal property is a lien in solido and attaches to all inventory, furniture, equipment, and other personal property that the property owner owns on January 1 of the year the lien attaches or that the property owner subsequently acquires.
 - (c) The lien under this section is perfected on attachment and . . . **perfection requires no further action** by the taxing unit.
4. In Exhibit C, the Debtor objects to the claim of the City of El Paso (claim no. 63) asserting that the claim should be reduced in the amount of \$245.32 and reclassified as an unsecured claim. The City of El Paso's claim will stipulate that its claim should be reduced to the amount of \$245.32. As to the attempted reclassification, the Debtor provides no basis to

support such reclassification, and the City of El Paso reasserts its classification as a secured claim based upon its statutory authority.

WHEREFORE, PREMISES CONSIDERED, the City of El Paso prays that this Court deny the Debtor's Objection and allow its claim as a secured claim in the amount stated herein and grant it all relief as may be just.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing *Response to the Debtor's Fourth Omnibus Objection to Claims (Substantive)* was served this the 25th day of May, 2004 by First Class Mail upon the following:

Co-counsel for Debtors and
Debtors in Possession:

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